PUBLIC EMPLOYEES' RETIREMENT SYSTEM TABLE OF CONTENTS

Introductory Section	
Letter of Transmittal	1
Certificate of Achievement for Excellence in Financial Reporting	5
Organization Chart	6
Section Responsibilities and Professional Consultants	7
Public Employees' Retirement Board	8
Financial Section	
Independent Auditors' Report	11
Management's Discussion and Analysis	13
Basic Financial Statements	
Statements of Plan Net Assets	20
Statements of Changes in Plan Net Assets	21
Notes to Financial Statements	
Note 1 - Description	22
Note 2 - Summary of Significant Accounting Policies	25
Note 3 - Investments	28
Note 4 - Pooled Investments	30
Note 5 - Foreign Exchange Contracts and Off-Balance Sheet Risk	34
Note 6 - Securities Lending	35
Note 7 - Transfer to Retirement Systems	36
Note 8 - Retirement Incentive Program	36
Note 9 - Commitments and Contingencies	37
Required Supplementary Information:	
GASB Statement No. 25:	
Schedule of Funding Progress - Pension Benefits	39
Schedule of Funding Progress - Postemployment Healthcare Benefits	40
Schedule of Employer Contributions - Pension and Postemployment	
Healthcare Benefits	41
Notes to Required Supplementary Information	
Note 1 - Description of Schedule of Funding Progress	42
Note 2 - Actuarial Assumptions and Methods	42
Note 3 - Enhanced Actuarial Projection System	45
Additional Information	
Schedule of Administrative and Investment Expenses	46
Schedule of Payments to Consultants Other than Investment Advisors	47
Investment Section	
Message from the Chair	49
Alaska State Pension Investment Board	50
Treasury Division Staff and External Money Managers and Consultants	52
Investment Report	54
Schedule of Investment Results	56

Investment Section (continued)	
Actual Asset Allocation	57
Top Ten Holdings by Asset Type	58
Schedule of Investment Management Fees	59
Investment Summary Schedule	61
Credit Risk of Investments	62
Recaptured Commission Fees Received in FY 2004	63
Actuarial Section	
Actuarial Certification	65
Summary of Actuarial Assumptions and Methods	68
Schedule of Active Member Valuation Data	74
Schedule of Benefit Recipients Added to and Removed from Rolls	75
Solvency Test	76
Analysis of Financial Experience	76
Summary of Plan Provisions	77
Statistical Section	
System Membership by Status	83
Graph—10-Year Comparison of Active and Retired Members	83
Revenues by Source	84
Graph—10-Year Comparison of Revenues by Source	84
Expenses by Type	85
Graph—10-Year Comparison of Expenses by Type	85
Graph—10-Year Comparison of Revenues and Expenses	86
Graph—10-Year Comparison of Valuation Assets and Accrued Liabilities	86
Schedule of Benefit Expenses by Type	87
Graph—20-Year Comparison of Retiree Monthly Health Insurance Premiums	87
Schedule of Benefit Recipients by Type of Benefit and Option Selected	88
Schedule of Average Benefit Payments—New Benefit Recipients	89
Participating Employers	90